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Adam, Frane; Tomsic, Matevz

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Elites, Democracy and Development in Post-Socialist Transition

Auf der Grundlage umfangreicher empirischer Daten aus Forschungen über die Elitenbildungsprozesse in den post-sozialistischen Ländern und mit Hilfe anderer Indikatoren der politisch-ökonomischen Entwicklung untersuchen die Autoren, wie sich Muster der Elitenreproduktion bzw. -zirkulation auf Prozesse der Demokratisierung und der sozioökonomischen Entwicklung auswirken. Sie behandeln dabei ein bisher eher vernachlässigtes Thema: die Frage, wie sich zwischen den beiden Segmenten der politischen Elite, die Pareto als die regierende und die nicht-regierende Elite bezeichnet hat, ein Gleichgewicht herstellen lässt.

1. Introduction

There is no doubt that (political) elites are a significant – sometimes even a decisive – factor for democratization and social change. This was confirmed also in the case of post-communist Eastern Europe, which actually represents a very interesting laboratory for surveying the emergence of the new elite structure as well as for the transformation and accommodation of the old one. Strictly speaking, we should speak instead of a proto-elite, meaning the rudimentary structure of an elite configuration which is only now evolving into a more consolidated and articulate form.

Classic sociological and political science literature (see Etzioni-Halevy 1997) has already developed the thesis that elites, even though they often aspire towards self-preservation and the protection of their own interests, are not a static and homogeneous category but are in constant, albeit slow transformation. Or, as already phrased somewhat metaphorically by Pareto (1997/1935, 49): “It flows on like a river, never being today what it was yesterday”. It is therefore very significant to ascertain what is going on inside elite groups, how open they are to new members and new ideas, and what kind of relations are being established among their differ-

ent sectors and factions. In this sense, the question concerning elite circulation is at the centre of the theoretical and empirical research interests of social scientists dealing with issues concerning social change (this is also the point made in the recent contribution of Higley and Lengyel 2000).

Extensive empirical research on political, cultural and economic elites – usually defined as positional or functional elites – has been conducted in practically all post-socialist states during the first half of the 1990s. These studies were of a more descriptive nature, yet even so they have offered a point departure for profound, ongoing discussions that deal with a complex phenomenon, which is hard to analyse in depth with insufficiently effective methodological tools. These studies that rely mostly on stratification and mobility approaches have focused on the demographic and class characteristics of new or renovated old elites, as well as on their value and ideological orientations. To some extent, they offer a picture of the relation between reproduction and circulation. However, it is interesting that relatively little effort has been directed towards the study of the relation between the elite configuration and the attained degree of democratisation (or “quality” of democracy), or developmental performance.

As the authors of this paper, we are mostly interested in how the relation between the reproduction and circulation of (political) elites is reflected in the characteristics of the democratisation processes and in the socio-economic modernisation of transitional societies (especially Slovenia). It is evident that this is a demanding and multi-layered topic. In this text, we have, so we hope, succeeded to examine some aspects of it and to open some new questions. Perhaps it would be more precise to say that our undertaking is a reactualisation of old issues in a new context.

2. Elite configuration in post-socialist societies

One of the characteristics of post-socialist political elites is their heterogeneity. Namely, they are made up of individuals as well as groups of various social and historical origins and ideological orientations: former dissidents of diverse provenance, more or less reformist members of the ex-communist nomenclature, members of professional groups (so-called technocrats), people from the sphere of the Church and even some members of pre-war political elites.¹ According to Agh (1996, 45) the transitional political elite possesses a number of common characteristics, including its distance toward the non-elite and a lack of professionalism. For this reason society perceives this social group as a unified actor which “monopolises politics and exerts control over all social life”. However, there are numerous antagonisms and conflicts existing among various elite segments including especially competition for control over key resources which actors try to obtain through different social linkages (search for allies, various “coalitions”). All this implies that we are not dealing with a uniform group.

Social conditions in the countries of the former communist block are, to a large extent, characterized by *the relationship between so-called old and new elites*, i.e., between elites derived from the ranks of the former regime and the relatively heterogeneous elites formed during the process of systemic transition. It must,

however, be stressed that it is often difficult to make a clear-cut division between old and new elites. Even the former nomenclature has in fact experienced various transformations, and part of it has embraced (at least formally) democratic principles and norms. Thus the thought and action patterns which are essentially a relic of the former undemocratic system are often present to varying degrees in recently-founded political parties.

Nevertheless, one of the key questions of post-socialist transformations concerns the position and role of former holders of monopolistic social power, i.e., members of former communist elites: in other words, whether and to what extent were they able to retain key social resources and thereby continue to influence the development of these societies. In view of this, there are two interpretations of post-socialist conditions. The theory of elite reproduction holds that changes in Eastern and Central Europe did not have an impact on the composition of elites, since the nomenclature was able to stay at the top of the social structure and become the new grand bourgeoisie. According to the theory of elite circulation however, these transformations are brought about by structural changes at the top of the social hierarchy, i.e., key positions occupied by new people on the basis of new principles (Szelenyi/Szelenyi 1995, 616). When considering the position of the former communist elite in the new conditions, it is necessary, on the one hand, to analyze its present political role, namely to what extent was it able to stay on the political scene and to retain at least a part of its power through new mechanisms of political recruitment. On the other hand, one should ascertain how much political power it was able to retain in other ways, particularly by transforming political and social capital into economic capital or other resources.

It has to be stressed that the political position of successor parties of the nomenclature differs considerably from country to country. In countries where the communist party reformed gradually, embraced systemic changes, and was also actively involved in this process, it became an equal partner on the political scene. This holds true for the situation in Hungary, in Slovenia

and partly in the case of Poland. While the former communist party elite may have lost its political monopoly, its reformed faction succeeded in establishing itself relatively firmly in the political arena. A definite confirmation of their successful political survival was both the 1993 parliamentary elections in Poland and the 1994 elections in Hungary, where the successor parties of the communist party won and assumed power. In both countries, however, the situation changed with the following parliamentary elections (in 1997 in Poland and in 1998 in Hungary), when the political parties of centre-right orientation, which had no ties with the former communist party, were voted back into power. Consequently, it can be affirmed that in these two countries, at least at the level of legitimate political power, a kind of balance was achieved, i.e., there was circulation among the competing political elites, and the fundamental principles of parliamentary democracy are accepted by all.

In the Czech Republic, however, the situation is quite different: The communist party elite – owing to its obstinate opposition to change – lost almost all legitimacy, was practically thrown out of power, and the regime quickly crumbled. Here the key roles are played by the parties of the centre-right (Citizens' Democratic Party) and of the centre-left (Social Democratic Party), which are not of communist origin (this is in fact a new political elite). However, the situation was quite different in Slovakia, where the political forces which stem mainly from the former communist structures (such as the Movement for Democratic Slovakia headed by Vladimír Mečiar), have ruled the country for the major part of the 90s. Only with the 1998 elections did the ruling power shift to a coalition of democratic parties.

In the countries of south-eastern Europe (Bulgaria, Romania, Albania and the former Yugoslavia, excluding Slovenia and Croatia) and in the countries of the former Soviet Union (excluding the Baltic states), communist party elites managed to retain their power even after the first democratic multi-party elections and to reform to a much lesser extent (even though in this case as well it accepted the system of parliamentary democracy). In this way they retained key roles

in social development, which meant a slowdown and a lack of thoroughness in systemic changes. Of course in this context as well conditions differ from case to case. In Bulgaria, and later also in Romania, new political elites gained so much strength that they assumed power, thus paving the way for more radical social reforms, the successful implementation of which is questionable because of a relative feebleness of the new elite and a severe socio-economic situation. (In Romania, the new political forces were defeated at the most recent parliamentary elections and the government again returned into the hands of the reformed communists.) The most extreme cases of continuity in terms of the communist origin of political elites and the mode of government are Belarus and, until recently (October 2000), the Federal Republic of Yugoslavia. These are two cases of single-party rule (even though formally other parties also exist) to a large extent tied to a personality cult of the head of state. The ruling neo-communist elite controls most of the key positions in society, while the economic system is somewhere between state interventionism and chaotic “jungle law”.

According to some interpretations, the findings of empirical research (in the framework of the project “Social Stratification in Eastern Europe after 1989”) do not categorically corroborate either the theory of reproduction or the theory of circulation (Szelenyi/Szelenyi 1995, 636). It is evident that in the process of post-socialist transition no revolutionary changes have occurred in this region. Thus a part of the old elite – mainly its bureaucratic faction – left the elite, but a large part of the elite of the late 1980s retained its key position. In addition, those who dropped out of the elite as a rule did not ‘drop’ very far but took up positions that still wielded some power. In some countries (particularly in Hungary and Poland), a large portion of the nomenclature retired, which did not necessarily mean that they had regressed on the social scale (many of them continued to be active as consultants, etc.). On the other hand, a large portion of post-socialist elites is made up of people who did not belong to the nomenclature. However, in the case of these new members, usually no great ‘structural shifts occurred

since most of them came from the ranks of professionals and mid-level bureaucracy, i.e., those who at the end of the 1980s wielded at least some power (Szelenyi/Szelenyi 1995, 622ff.).

The reproduction of elites in Russia is understandable since the social changes in that country occurred more slowly, were less fundamental, and no strong counter-elite existed that could have pushed out the communist party personnel. Thus, under conditions of relative social instability where democratic institutions do not function properly, communist party personnel has the advantage over the new players. In the case of Hungary and Poland, the principle of circulation of elites has greater weight.² This can be accounted for by a relatively well developed civil society (in comparison to Russia) and a strong political counter-elite, which defeated the former communists in the first free elections.

A research study on the profile of the national elite was conducted also in the Czech Republic. Results indicate that in the case of the economic elite, the level of reproduction is quite high, while in the case of political, administrative and cultural elites we can speak of circulation.³ However, most of the Czech elite gravitates toward centre-right parties in its political preferences (this particularly applies to the economic elite) (Srubar 1998).

One should also mention here a comparative study on national elites which has been carried out in the Baltic countries. It concludes that in the case of Baltic elites, there is a combination of continuity and change (A. Steen uses the term 'elite recirculation'). "While the nomenclature was largely removed from power, the younger, well educated, mid-level leaders from the former regime are continuing and are now occupying most of the top positions." (Steen 1997, 166).⁴

It is thus evident that the configuration of national elites differs considerably from one post-socialist country to another, and the same is true for the balance between the reproduction and circulation of elites. It is precisely the balance and relations among recently emerged factions of post-socialist elite that decisively determines the character of political regimes (primarily in terms of the division of power in a society, i.e., the level of its dispersal or concentration, as well

as in terms of social order in general). Generally speaking, one could maintain that the stronger the civil tradition and the greater the self-organizational potential of a society, the stronger a counter-elite is capable of forming, and the greater chance it has of maintaining democratic stability.

Types of elites in post-socialist societies differ from one another in a similar way as do the configurations of elites. The character of a political system in fact depends to a large extent on the type of relations among the various political elites (Field et al. 1990; Higley/Burton 1998). This is particularly true in the case of system transformation in which elites play the role of institution-builders (Kaminski/Kurczewska 1994). In their classification, Higley et al. (1998) specify four types of political elites on the basis of two factors: level of integration and differentiation of elites: consensual, fragmented, divided and ideocratic elites.⁵

We may thus contend that in all the countries of the former socialist block, there are changes in the character of political elites; in conclusion, we are no longer dealing with the ideocratic type of communist elite characterized by ideological and organizational uniformity. The configuration of political elites primarily in terms of levels of value consensus and structural integration on the one hand and levels of social, ideological and interest differentiation on the other varies from country to country. Higley et al. (1998) in their analysis of post-socialist elites observe that a consensual type of elite was formed in the Czech Republic, Hungary and Poland, that a fragmented type of elite was established in Slovakia and Bulgaria, while a divided elite emerged in Romania and Ukraine (the situation in Russia is rather unclear in this respect).

In countries with a consensual elite, where all the key political players abide by the rules and where a relative balance of power between different factions of political elite exists, an entrenchment of long-term political stability is most likely. However, a specific part and profile of the political elite is explicitly dominant in countries where there is practically no consensus on the fundamental norms of political

activity, including most countries of the former Soviet Union, the Federal Republic of Yugoslavia (Serbia and Montenegro) and in Albania. This faction of the elite usually rose from the ranks of the former communist regime (even though institutions of political democracy also exist in these countries in the form of political parties, multi-party parliament and elections). Thus the chances for successful political transformation, meaning the establishment of stable polyarchical democracy (as well as reform of the remaining societal spheres), are relatively small, at least in the near future. (We deal in a more detailed manner with the factors that influence the stability of democracy and with the perspectives of different post-socialist states in the third chapter.)

Our review of the evidence on the formation and dynamics of positional elites in post-socialist societies clearly indicates that *there is neither pure reproduction nor pure circulation but that instead we may speak of a greater inclination to one or other form in these countries*. In the case of Slovenia, we will try to define more precisely these mixed forms, i.e., the relations between reproduction and circulation and their consequences for modernization,⁶ democracy and economic development.

3. The ambivalence of the Slovenian elite configuration

The research conducted in 1995 on the Slovene functional elites in politics, culture and the business sector,⁷ provides some data on the relations between the old elite (persons who occupied high positions before 1988 and were able to preserve them) and the new elite (those assuming elite positions after 1988). In fact this shows a fairly high level of reproduction. The rate of reproduction amounts on average to 77%, the highest individual level being in the business sector (84%) and the lowest in politics (66%), while in the culture it reaches 78% (Kramberger 1998, 1999; Iglič/Rus 2000).

Here we must take into account the fact that the majority of newcomers, who account for 23% of the 1995 sample of respondents (208/

899), harbour political aspirations that are closer to the reformed and modernised old elite. Some 44% of the newcomers expressed a voting preference for the Liberal Democracy and the Associated List of Social Democrats, both of which have organisational roots in the old regime, while 35% of them are in favour of the new parties forming the so-called spring block (for figures see Kramberger 1998). At the very least, we can say that circulation (if we can speak of it at all) has not weakened the old elite, which we could most appropriately name *the retention elite* because of its ability to take advantage of its inherited positions in terms of social capital and control of symbolic and material resources. This leads us to surmise the existence of an asymmetry between the two pillars of the political elite. In other words: we start with a thesis that we shall try to elaborate further – *the existence of dominant (retention) and peripheral (new) elite*. We may reinforce our conjecture with data that indicate a high level of cohesiveness in the sense of common political preferences and dominance of the retention elite both in terms of legitimate power – referring especially to the retention elite's strong victory at the parliamentary elections 2000 and also to some key politicians who enjoy a very long mandate – as well as in terms of informal influence. For example, 75% of the economic elite (i.e., those who responded to this question) gravitates (regarding its voting preference) towards the political parties of the retention elite, while only 16% of this elite segment gravitates towards the block of new parties. We see a similar but less pronounced picture in the culture elite and in the remainder of the political elite.⁸

Before we attempt an interpretation of these data, we should also point out the findings from the same investigation that show that Slovenia's retention elite is not characterised simply by a high level of reproduction, but also by an intensive fluctuation in its informal (egocentric) networks. From the provided data alone it would be possible to conclude that there is a high level of accommodation among the old elite. This elite has replaced as much as 65% of its ties with more prominent contact persons (Iglič/Rus 2000). These are persons from various social

fields with whom the elite has ties and contacts, meaning that they represent their social capital. The fact that a high level of elite reproduction coincides with extensive transformations in elite contact networks tells us much about the successful adaptation of the old elite to new social conditions. The old elite renounced those contacts which are not functional in these novel conditions and has obtained new ones.

In sum, the findings – which must be taken *cum grano salis*, because they are only partly reliable and comparable (there are differences in research design and sampling, some results are outdated) – concerning elite configuration in certain East-Central European countries (Hungary, Czech Republic, Poland) as well as in Slovenia, we can conclude that the former are closer to a model of limited circulation or combination of both forms (recirculation or reprocirculation), while the later is closer to a model of “extended reproduction” or to a pattern named “reproduction circulation” (Higley/Lengyel 2000, 7). To put differently: in the case of Slovenian elite we cannot speak of simple self-reproduction in the sense that no change or transformation took place. But the fact remains that there is no balance between circulation and reproduction and that social dynamics after the change of the regime brought about an elite constellation, the nature of which should be matter for multifaceted investigation.

Now we can return to the question of how to interpret the data indicating a relatively high level of reproduction among Slovene elites. We have yet to witness any truly in-depth discussion within the discipline of social sciences on this delicate and controversial subject (see information about the similar situation in the Slovak Republic in Kusa 1997). Nevertheless, we could summarise two points of view from the debates that have erupted in recent times. According to the first, represented and revealed to the public by one of the authors of this article (Adam 1999), the high level of elite reproduction produces a long-term malignant effect (although this possibly may not be apparent in the short term), including a possible shift towards oligarchic democracy or delegate democracy (O'Donnell 1994), as well as the establishment

of monopolies and rent-seeking behaviour. The opposing point of view stresses the benign effect of elite reproduction, especially political stability; at the same time it relativises the significance of data indicating a high level of elite continuity (Iglič/Rus 2000; Kramberger 1999).

We can in fact cite points of view and arguments which tend to tone down the air of drama surrounding the data on high reproduction and continuity of the old elite. The first argument is concealed within the results of research into elites in other transition countries. Certain national (political) elites reformed themselves in the 1980s and neutralised their dogmatic hardcore segment by replacing it with technocrats; such elites have demonstrated in the 1990s a greater level of elite reproduction and less circulation (Hanley et al. 1995). This would at first seem to be the case in Hungary and Slovenia, and to a lesser extent in Poland. Yet the data do not entirely confirm this hypothesis; they show no major differences (except in the sense of ‘class reproduction’) in reproduction/circulation between the Hungarian, Polish and Czech elites, while Slovenia is marked by considerably higher reproduction.

Another argument would appear to be that Slovenia is a small social system, which is experiencing difficulties attaining a ‘critical mass’ from which a more numerous elite might be recruited. Some believe that such systems are then condemned to reproduce one and the same elite (Kramberger 1999). The question is whether such views arise from a deterministic conception of the elite dynamics or whether they are just an attempt to legitimise the *status quo*.

The third argument for the predominance of the retention elite is supposed to lie in the fact that Slovene society has not only just gone through a process of systemic change, but has also acquired a new nation/state framework. A part of the old elite was active in the process of gaining independence, and in this way it acquired further legitimacy necessary to continue in power.⁹

The fourth argument, which puts into perspective the data on high reproduction, is derived from the work of an external observer, an American sociologist who is also an authority on the

study of elites, Professor Higley. In his opinion – expressed in an interview he gave for a Slovene weekly in September 1999 during an international conference on transition elites in Ljubljana – there is indeed a high level of reproduction of elites in Slovenia, however since there has been a change of elites in power, this fact has no major problematic significance (Higley 1999). Despite the fact that this new elite had been in power for only two years (1990–1992), this period is seen as sufficient for the self-transformation of the old elite, which is supposed to have become flexible and adaptable.

Nevertheless, it is also possible to reassess those interpretations that relativise the significance of data on the high reproduction of elites in Slovenia and to demonstrate their weakness. In regard to the first argument on the modernisation of the old elite, which some interpret as recognition of its competence, we could say that this is true only in part. Although it should be considered with some reservation, one can find in the recent World Competitiveness Yearbook published by the Institute Management Development in Loussane that Slovene managers lag behind their Hungarian counterparts in terms of quality and skills (although they are better off than their counterparts in the Czech Republic and Poland). The situation is significantly more problematic concerning Slovenia's administrative elite (including the judiciary), which in terms of efficiency ranks 44th place out of 47 countries (while Slovenia occupies 39th place in the general index of competitiveness). The second argument, which refers to a small critical mass, may also be interpreted as an argument in favour of greater circulation: small social systems such as Slovenia must be very attentive to the mechanisms and criteria of selection for elite positions (if they lose only a few competent people this can have quite negative consequences). The third argument for the legitimacy of the retention elite does hold water, but it cannot be an argument that in some people's understanding justifies the irreplaceability of key politicians from this elite echelon. In connection with Higley's assertion about the exchange of elites (fourth argument), we may

state that it is not analytically supported by specific examples or empirical evidence. Merely short-term or token exchange of the old elite with a new one cannot guarantee democratic development.

After weighing the arguments and counter-arguments concerning the significance of the high level of reproduction of elites, we arrive at two tentative, but more or less cardinal, conclusions. 1) The debate on this issue has to be understood as an analysis of the foundations for a rational strategy that might lead to a competent and educated national elite. 2) Slovenia cannot possibly do away with a part of the old elite, or rather this would make no sense; instead, it can achieve an optimal (and realistic) quality of functional elite through a greater level of circulation from the potential elite (the highly educated stratum) to the elite positions. As for the political elite, it should be emphasised that the assertion that "determining some kind of normal levels of elite reproduction is impossible" (Higley 1999, 28) can be challenged. Instead, reproduction must be low enough and circulation high enough (or vice versa) as to allow for the formation of a counter-elite which in resources and legitimacy should be comparable to the (old) elite recently in power (and vice versa).

We cannot yet provide a final assessment of the malign or benign nature of elite configuration in Slovenia. Further analysis is needed concerning the influence of this configuration on the political system and on socio-economic performance. Yet we can already state – and discussion thus far confirms this – that this is a complex task. Despite its small size and transparency, Slovenia is in many ways a multifaceted and contradictory example of a transition society.

4. Processes of democratization in the light of elite reproduction/circulation

From what has been discussed previously we might derive a thesis – or hypothesis – stating that the existence of an elite and counter-elite, or rather the differentiation between elites, is

one of the key structural foundations of a democratic regime. This implies that (excessively) high levels of elite reproduction are not compatible with democracy. Yet we must be more precise here, for here we are referring to a polyarchic type of democracy with several centres of power and influence, marked primarily by “horizontal accountability” (O’Donnell 1998). Oligarchic or delegate democracy refers to something else, and is characterised by a concentration of power and weak mechanisms of control and responsibility (the media, courts, an autonomous central bank, court of auditors), as well as the weak participation of citizens. In their latest work, Higley/Lengyel (2000) argue that circulation is conducive to the creation and persistence of a consensual type of elite which is most compatible with democratic stability.

In order to arrive at more solid findings, we must take into account other factors influencing the constitution of a democracy resembling either the polyarchic or the oligarchic model. Of these factors – we might call them risk factors – the following are the most important:

- 1) Excessively high elite reproduction (insufficient circulation) prevents the emergence of a dynamic equilibrium between the (old) inherited elite echelon and the (new) counter-elite.
- 2) Exchange (transfer) of power. Since a change of regime involving the old elite being in opposition for a given period has not occurred, this further enhances the effect of elite reproduction.
- 3) Longer periods of government by one political party elite. Even if in transitional countries this period is not so long as it is in the case of established polyarchic democracies (where there are cases of three or four successive terms in power; the scandal with the illicit financing of German CDU indicates that this factor is really risky), it still contributes to the petrification and disproportion in power and influence between the governing or dominant elite and the counter-elite.
- 4) Relationship of co-operation and competition between individual pillars (factions) of the political elite. Of course this relationship

is problematic in situations of divergence and confrontation (when there is no longer consensus), but excessive consensus which undermines mutual control and existence of quasi-solidarity (“esprit de corps”) also hinder the operation of democratic institutions.

- 5) The institutional framework (environment), which either hinders or stimulates oligarchic tendencies (e.g., parliamentary or presidential system).

Countries exposed to all the above risk factors face the largest problems regarding the development of democratic institutions. In first place are Belarus and Serbia (or rather the Federal Republic of Yugoslavia).¹⁰ Other examples include Slovakia and Croatia. The former had, what was untypical for a transitional country, a long period of rule by one (Mečiar’s) party (from 1992–1998). The turnover occurred (i.e., the communist party went into opposition) when Slovakia was still a part of Czechoslovakia (in 1990–1992). In Croatia there was a change (since 1990 the former elite, which transformed itself into the social democratic party, has been in opposition), but Tudjman’s HDZ had been in power for nearly ten years (1990–1999). Apart from this, Croatia has a presidential system which exacerbates the effects of a long period of one-party government; and these effects are similar to those brought about by high reproduction.

If, on the other hand we look at those transition countries ranked as having achieved significant results in democratisation, we see that Hungary and Poland have quite a favourable balance between elite reproduction and circulation: a regular change of government, no overly long periods of rule by one political party elite, competitive relations among factions of the political elite (although at the same time there is a basic consensus), and a political institutional framework closer to a parliamentary democracy than to a presidential system. As for the Czech Republic – which is not exposed to the factors of risk, except for factor 4 – we may have observed recently quite an intensive, yet non-transparent, co-operation in the form of a tacit agreement between Zeman’s Social Democratic party,

which is in power (in a coalition government) and Klaus's centre-right opposition party (ODS) (Cabada 1999). This configuration of political elites, which results in insufficient mutual control, in all likelihood gives rise to difficulties in the political sphere, as well as a slowing down in the implementing of economic reforms. There are also increased aspirations of the ruling parties to 'colonize' the society in accordance to their particular interests. (The last example of such aspirations was the attempt to assume control over the Czech public television, which had failed because of strong public revolt.) The consequence of such conduct is a decline of satisfaction with the new elites and a rise of support for the communist party.

In the case of Slovenia, we have arrived at the following conclusions: A relatively high level of reproduction has been mentioned. There have been two turnovers of the elites in power: in the period from 1990 to 1992, during the government of the non-communist coalition Demos and in 2000 when for less than half a year the so-called spring parties assumed power. These changes were short-lived, however, and the Liberal Democratic Party, the leading force of the (modernised) retention elite, has been in power for the last nine years. In regard to the fourth factor, the situation is somewhat atypical. Relations between the factions of the political elite are hard to identify, for they are a mixture of conflicting, fragmented and consensual elements. Institutional solutions (Slovenia has a pure parliamentary system, proportional representation and coalition governments) in fact tend more to hinder than support developments towards oligarchic tendencies.

According to the Nations in Transit 2001 report conducted by Freedom House, Slovenia belongs to the group of "consolidated democracies" in regard to the quality of its democracy, thus sharing third place with Hungary, Litva and Latvia, and is lagging behind Poland and the Czech Republic. We can see therefore that Slovenia is among the most successful post-socialistic countries; all the same, some countries are ahead of it. In our opinion, conditions in the last few years have even worsened in some aspects. This holds true especially in the field

of media pluralism, where the consequences of monopolies are apparent, deriving from the previous regime (Rupel 1999), and have endured with the help of "wild privatisation" and, lately, with the help of "deregulation" and commercialisation (Hrvatín/Kerševan 1999).

There is clear evidence of other oligarchic tendencies, or rather tendencies that testify to the inadequate structure of "horizontal accountability" (this relates chiefly to the judiciary, which has already been mentioned several times as a weak point in reports from the European Commission in Brussels). Moreover, certain reforms that may jeopardise the advantages held by the old elite are being slowly implemented (privatisation, property restitution). As far as the political culture is concerned, we may also observe phenomena which we might ascribe to the great influence of the old elite and to the persistence of certain political figures (the phenomenon of irreplaceability); this involves a latent cult of the powerful leader, and is indicated also in international value surveys (e.g., Rose et al. 1999, 111). In general, we can say that Slovenia is already demonstrating the negative consequences of a relatively high level of reproduction of elites and other risk factors; however, counter-tendencies also exist, and special emphasis should be given to the relatively successful socio-economic development of recent years.

5. Elite configuration and economic performance and reforms

In analysing the political characteristics of a system it is significant to determine if and to what extent they influence or are related to other developmental performances of society, particularly the economic one. Concerning the classic issue concerning whether or not democracy has a positive influence on economic development, researchers' opinions differ. In this regard, there are some assertions that no clear linkage is apparent between democracy and economic growth (Przeworski/Limongi 1993; Siemann 1998). In our opinion this is not the case (see also Huber et al. 1997). Countries with a developed democracy belong, almost without excep-

tion, to the group of economically most developed and richest countries. If the chosen criterion is the Human Development Index (HDI), which measures the state of the human resources or the quality of life in an individual country, or the World Competitiveness Index (WCI), which measures complete systemic competitiveness, we can find that the first twenty positions are all occupied by democratic countries. Furthermore, the majority of them suit the criteria for a polyarchic democracy. The so-called Asian tigers – Taiwan, Singapore and Hong Kong – are to some extent exceptional, which may be due to their specific cultural context. In the majority of the remaining developed countries, there is a relative balance between a ruling elite and an opposing counter-elite. This enables their (more or less frequent) alteration of power positions.

In the context of the post-socialist transition we can also notice relatively close connections between the development of democracy and economic performance. Therefore, according to the Nations in Transit 2001 report, the countries that have executed economic reforms most successfully are for the most part the same countries that have advanced furthest in the process of democratisation. Slovenia also belong to this group, although it occupies only fifth place – behind Poland, Hungary, Estonia and the Czech Republic. It should be stated, however, that Slovenia ranks first regarding certain key macro-economic indicators such as GDP per capita, purchasing power and level of living standard (Slovenia is, according to the Human Development Report for the year 2001, positioned in 29th place, while the Czech Republic, as second best, holds 34th place).¹¹ This is due in large part to the better starting position and relatively well-developed “civilisational competence”, the result of specific historical and geo-political circumstances (see more about this in Adam et al. 2001).

One may argue that a high level of elite reproduction, accompanied by the domination of the modernized old or retention elite, also influences the functioning of the economic system. Some reforms which could consequently weaken the position of the elite, are carried out

(too) slowly. This is true mostly in the case of the transformation of the ownership structure, that is, the privatisation of the former common (social) property (critiques concerning overly slow privatisation are also a standard issue in the reports of the Commission of the European Union concerning the advancement of the candidate states). It is interesting to note that the proportion of state property is much larger in the case of Slovenia than it is in other candidate states. Under such conditions, which make possible an extensive intervention of politics in the functioning of the economy, there is a potential danger of the proliferation of clientelistic and corruptive practices. The next problematic element of ownership transformation is a delayed process of property restitution, i.e., the process of returning property confiscated during the communist era to its rightful owners or to their legal descendants (such a delay gives rise to serious doubts concerning the functioning of the rule of law). The mentioned reforms are expected to be implemented for European Union membership – which is Slovenia’s strategic goal – and are, together with other changes (reform of the retirement system, reform of state administration, greater openness to foreign investment, etc.), crucial for the attainment of a long-term socio-economic development. Parallel to this, individual economists have recently called attention to certain alarming trends such as the growing public debt, external debt and external trade deficit (Jazbec/Damjan 2001).

The type of socio-economic order emerging in Slovenia could be defined as an unusual combination of “managerial capitalism” with a strong state or public sector in the sense of “state or bureaucratic capitalism”. Concerning this we can state, on the basis of past experience, that such a combination may have certain positive as well as negative effects on economic development. It is not just in the sense of procrastination of reforms, which is a consequence of holding on to advantages and acquired positions as well as to inertia, but also of restricting access to potential competitors, particularly to those actors who might occupy elite positions if entry were based more on meritocratic criteria and on the functional autonomy of sub-

systems. In the case of the economic elite, the fact that there are very few new entrepreneurs (*mittelstand*) is a manifestation of this; entrepreneurs that do exist are faced with a whole range of obstacles and with very few incentives. Restitution is also a mechanism for generating a potential business elite, and in both cases – the same is true for the inflow of foreign capital and foreign competitors – the retention elite is trying to slow down those reforms and legislation that could endanger its positions and monopolies. On the other hand, the economic part of the retention elite – thanks to the privatisation model favouring dispersed insider ownership – was able to introduce some restructuring measures such as “down-sizing” and other rationalisations at the enterprise level (Stanovnik/Kovačič 1999). This in general increased productivity (and of course unemployment) in Slovenia, which, along with Poland, is the only transition country that succeeded after ten years to reach its 1988 GDP level. But the limits of this approach are evident; “managerial capitalists” (see more about this phenomenon in Eyal et al. 1998) – with the exception of some important cases – have failed to bring their companies to a higher technological level and to facilitate new developmental cycles (Stanovnik/Kovačič 1999). Not only is an acceleration of reforms an agenda; without technological modernisation and productive foreign capital (FDI) it will not be possible to attain a long-term competitive position within the EU. What is required is a new kind of co-operation between the state (political-administrative elite) and strategic business groups that will be based on the functional autonomy of both sides and free from clientelistic bonds.¹²

6. Discussion

It is evident that the successful formation of a stable democracy and long-term sustained socio-economic development depend greatly upon the structure of the political sphere, the relations between various factions of the political elite as well as on the nature of the whole elite constellation. Here focus is on the relative dispersion

of power in the sense of the circulation of political elites in positions of power and also on the openness on the part of national elites (in various fields, such as economy, culture, etc.) towards entry of new members exclusively on the basis of meritocratic criteria as mechanisms for social promotion.

It is not our intention to argue that the political elite represents the only factor of democratisation. The situation in post-socialist societies as well as the types of political order are influenced also by other factors such as (inherited) dynamics of economic development, the level of cultural capital (mainly the level of education of the population), the level of civil society development, political culture (rootedness of democratic values) as well as other elements of tradition (work and vocational ethics, ability and motivation for collective action and self-organisation, internalisation of formal-legal and bureaucratic disciplines as well as fundamental functional knowledge) (Adam et al. 2001, 28f.). However, the successful constitution of the democratic system is not simply the predetermined product of certain cultural, historical and material conditions but is also the result of political actors with their specific interests, passions, memories and virtues (Schmitter 1992, 425). Under the specific conditions of a transition from an authoritarian (or totalitarian) type of social order in a democratic one, the role of the political subsystem is all the more important, such is also the role of the political elite as the subsystem's main carrier, given that it is responsible for establishing the structural conditions (systemic infrastructures, mainly the legislative framework) for the “normal” functioning of other social areas and their autonomous development.

A sufficient degree of differentiation among political elites and their circulation, in the form of at least two comparably powerful political parties or blocks, undoubtedly represents a crucial condition for the dynamics and consequent viability of a political system. What is at stake is not the persistence of the old (retention) elite in itself, nor the dilemma as to, whether old or new, leftist or rightist parties are more suitable to assume power; instead, what is at stake is the

establishment of an appropriate balance between governing and non-governing elite, between competition and cooperation, between conflict and consensus.¹³

As far as the quite ambiguous situation in the Slovenian case study is concerned, we identified certain less promising side-effects of the existing elite formation and of its emerging structure of (latent) power. In this sense our analysis can be considered as an “early warning” and as a contribution to the rational intellectual discourse about the future of democracy at the national and international levels.

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- 1 Attila Agh (1996) defines five characteristic transitional types of politicians: politicians of morality, politicians of historical vision, politicians of coincidence, old nomenclature and the emerging professional political elite. For more details see Agh (1996).
- 2 Wasilewski's (1999) study of the current Polish elite (573 interviews were conducted with representatives of political, administrative and economic elites), gives somewhat different results in terms of the reproduction of the Polish elite: among the new elite, there are supposedly over a quarter (27.4%) of those who belonged to the elite during the communist rule. According to the author, this share represents a “significant reproduction of the old elite” (Wasilewski 1999, 4).
- 3 40% of the Czech transitional economic elite occupied elite positions before 1989, of which 85% were ex-communist party members, while 57% of the new economic elite were former communist party members (the percentage of ‘party members’ in the economic elite is considerably greater than the percentages in the political and cultural elites). In the current managerial structure, only 23% of the managers in fact held general manager positions before 1989, however, 50% of them were at that time deputy general managers or members of the board of directors (i.e., they belonged to a kind of second-rank managerial staff). 30% of the cultural elite held elite positions under communism. The results are similar in the case of the political elite, thus displaying a relatively low level of continuity. 35% of the members of the new political elite used to be communist party members (Srubar 1998).
- 4 The proportion of elites who were members of the Communist Party and who held high positions in the former regime are: 55% in Latvia, 54% in Estonia and 44% in Lithuania (Steen 1997, 158). One reason for the smaller proportion of ex-CP members among the new Lithuanian elites may lie in a more pronounced left-right political cleavage (which stimulated a more critical focus on the past); in the case of the other two countries, ethnic cleavages between the indigenous and Russophone populations were prevalent. In Estonia and Latvia, an intensive de-russification of elites occurred, meaning that the ethnicity of candidates for elite positions was more important than their political background.
- 5 For detailed information on their conceptualisation see Higley et al. (1998).
- 6 Here we understand modernisation as a complex process of social changes in various fields (politics, economy, science,...) in the function of catching up with the so-called developmental core, the states perceived to be the most developed. From the viewpoint of postsocialist states, such a referential frame comprises mainly the most developed member states of the European Union.
- 7 It should be stated that, regarding the research carried out in 1995 on elites in Slovenia, a positional determination of the elites was performed. In this context, individuals are part of an elite if they occupy key positions in three main social areas: in politics (e.g., ministers, representatives in parliament, high state administrators, party leaders), in economy (managers in leading companies), and in the cultural sphere (leading staff in cultural and scientific institutions, media houses and professional associations).
- 8 Like in some other post-socialist countries, the political space in Slovenia is still divided into two main camps or ‘familles spirituales’ consisting (conditionally speaking) of old and new parties. The United List of Social Democrats (ZSLD) and the Liberal Democratic Party (LDS) together with two marginal parties, the National Party (SNS) and the Democratic Party of Pensioners (Desus), are considered to belong to the camp of old parties (the later two are actually new parties but they have ideological leanings toward the old parties). Both leading parties have organisational roots in the old (socialist) regime; however, LDS acquired some special features. It is a quite heterogeneous party if one considers its origins. Its dominant core originates from the former Socialist Youth Organisation which, in the second half of the 80s, became more and more critical towards the regime; it can be said that it was an opposition within the (communist) party and its members had contacts with dissident circles (opposition outside the communist party). The other block of new parties, also known as the spring parties, consists of three parties: the (new) Social Democrats (SDS), the Slovenian People's Party and New Slovenia (NSi). After the last elections, one can observe a marginalisation of the ‘spring camp’ and the formation of a political sphere with one strongly dominant party – LDS. Because of the predominance of the camp of the so called old parties, more serious divisions and even a split of this camp is possible. If this process would be accompanied with a further marginalisation of the spring

- block, the differentiation of old parties will generate a new political and ideological constellation.
- 9 A similar argument emerged in the case of Lithuania; however unlike in the case of Slovenia, the strong position of the old (leftist) political elite is matched also by a strong new counter-elite (see Steen 1997).
 - 10 In Yugoslavia (or its Serbian part), important political changes occurred after the federal presidential and republic parliamentary elections held in 2000 when president Milošević and his party, who were the most serious obstacles for the democratisation of society, had to give up (at least formal) power to the democratic opposition. However, the heritage of Milošević's over decade-long rule – which caused a bloody war in the former Yugoslav region and brought the country to a state of economic exhaustion, interational isolation as well as the material and moral devastation of society – will be present for a long time; this will cause severe problems for democratic consolidation and systemic modernisation of society.
 - 11 One can mention the assessment of developmental capacities conducted by the World Economic Forum, in which Slovenia is positioned ahead of all other transitional countries. For more detailed information, see their recent publication called »Readiness for the Future Index« (European Economic Summit 2001, Salzburg, Austria).
 - 12 One of the strongest arguments in favour of elite circulation (and political inclusiveness) can be found in an article written by an economist from EBRD. He argues that the real problem in implementing and completing reforms in transition countries are not the losers but the winners (to some extent overlapping with the retention elite), who have an incentive to preserve their rents and control of resources at the consequence of blocking reforms which endanger their rent-seeking positions. He sees the solution in frequent executive turnovers and in including the losers in decision-making processes (Hellman 1998).
 - 13 In this context it is worth to mention the following statement: "There is a number of places around the world where three unfortunate sets of circumstances coexist: where people do not cooperate when it would be mutually beneficial to do so; where they compete in harmful ways; and, finally, where they refrain from competing in those instances when they could all gain considerably from competition" (Gambetta 1988, 159).

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AUTHORS

Frane ADAM, born in 1948, Associate Professor at the Faculty of Social Sciences (Department of Cultural Studies), University of Ljubljana, and at the Faculty of Humanities, Koper. Post-doctoral specialisation and visiting researcher (on the basis of a scholarship by the A. von Humboldt-Stiftung scholarship) in Konstanz and Bielefeld (FRG) and guest professor at the Sussex University, Brighton, U.K., School of European Studies. Research interests: transformation (modernisation) of post-socialist countries, theories and indicators of socio-economic development, social capital. Recent publications: Developmental Options and Strategies of Small Countries, in: Journal of International Relations and Development, 1/1998 (3–4), 181–194; Slovenia: A Success Story or Facing an Uncertain Future, in: D. A. Dyker and I. Vejvoda (eds.): Yugoslavia and After, London/New York, 213–231.

Address: Faculty of Social Sciences, Kardeljeva pl. 1, 1000 Ljubljana, Slovenia, e-mail: frane.adam@uni-lj.si.

Matevž Tomšič, born in 1969, Research Assistant at the Faculty of Social Sciences, University of Ljubljana, Ph. D. candidate. Research interests: democratic stability, political elites and the role of the state and other political institutions as generators of socio-economic development; culture in post-socialist countries. Recent publications: Socio-kulturni dejavniki razvojne uspešnosti. Slovenija v evropski perspektivi (Socio-Cultural Factors of Developmental Performance: Slovenia in European Perspective), Ljubljana, ZPS, 2001 (together with F. Adam, M. Makarovič and B. Rončević); "Moč" kulture: kulturna elita in politične spremembe v družbah vzhodne-srednje Evrope ("Power of Culture": Cultural Elite and Political Change in East-Central Europe), in: Družboslovne razprave, April 2001, 17 (36), 39–56.

Address: Faculty of Social Sciences, Kardeljeva pl. 1, 1000 Ljubljana, Slovenia, e-mail: matevz.tomsic@uni-lj.si.